

## FRANDZEL ROBINS BLOOM &amp; CSATO, L.C.

LAWYERS

WWW.FRANDZEL.COM

LOS ANGELES OFFICE

6500 WILSHIRE BOULEVARD  
SEVENTEENTH FLOOR  
LOS ANGELES, CALIFORNIA 90048-4920  
TELEPHONE (323) 852-1000  
FACSIMILE (323) 651-2577

DIRECT DIAL: (323) 658-9757  
E-MAIL: CWELIN@FRANDZEL.COM

SAN JOSE OFFICE

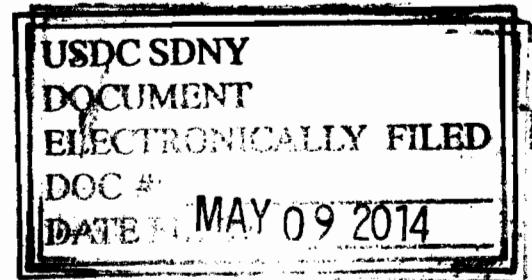
225 W. SANTA CLARA STREET  
SUITE 1500  
SAN JOSE, CALIFORNIA 95113  
TELEPHONE (408) 457-3696

OUR FILE # 078410-0043  
REPLY TO LOS ANGELES

April 30, 2014

VIA FACSIMILE - (212) 805-6737

Hon. George B. Daniels  
United States District Judge  
United States District Court - Southern  
District of New York  
500 Pearl Street  
Room 630  
New York, NY 10007



Re: Request for Extension of Time Re: Third Distribution of Assets On Allowed  
Investor Claims (Original Distribution Date: December 9, 2013)  
Commodity Futures Trading Commission v. Stephen Walsh, etc., *et al.*  
U.S. District Court, Southern District of New York, Case No. 09-CV-01749-GBD  
Securities and Exchange Commission v. WG Trading Investors, L.P., etc., *et al.*  
U.S. District Court, Southern District of New York, Case No. 09-CV-01750-GBD

Dear Judge Daniels:

We are lead counsel for Robb Evans & Associates LLC ("Receiver"), the Receiver pursuant to various Orders issued by Your Honor in connection with the above-referenced actions ("Actions").

We write to you at this time to (1) update the Court as to the status of the Receiver's efforts to resolve the potential federal and/or state priority tax claims against defendants and/or relief defendants in the Actions, and (2) to request the Court's authorization to postpone the third distribution on allowed investor claims for an additional 90 days while the Receiver continues with its efforts to resolve the potential tax claims. Within 90 days from the date of this letter, the Receiver will again provide a written report to the Court, the investors, and other interested parties, regarding the status of the Receiver's resolution efforts. The Receiver has already advised both the Commodity Futures Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC", and together with the CFTC, the "Agencies") of this request, and the Agencies have advised the Receiver that they have no objections to the Receiver's request as set forth herein.

1456266.1

FEB  
P/C  
30-14-14  
10:00 AM

FRANDZEL ROBINS BLOOM  
& CSATO, L.C.

Hon. George B. Daniels  
April 30, 2014  
Page 2

Re: Request for Extension of Time Re: Third Distribution of Assets On Allowed Investor Claims (Original Distribution Date: December 9, 2013)  
Commodity Futures Trading Commission v. Stephen Walsh, etc., *et al.*  
U.S. District Court, Southern District of New York, Case No. 09-CV-01749-GBD  
Securities and Exchange Commission v. WG Trading Investors, L.P., etc., *et al.*  
U.S. District Court, Southern District of New York, Case No. 09-CV-01750-GBD

By way of background, the Receiver has thus far made two distributions to investors, which have returned approximately 89.1% of the investors' allowed claims. On November 19, 2013, the Court entered its Orders authorizing a third distribution on allowed investor claims in the amount of \$50 million (the "Third Distribution"). On December 5, 2013, the Receiver submitted its initial request for a 60-day postponement of the Third Distribution due to its recent discovery of unasserted potential tax claims, including potential tax claims against the individual defendants. The Receiver's request was granted by the Court on December 12, 2013. On January 31, 2014, the Receiver submitted an additional update to the Court, wherein the Receiver requested an additional 90-day postponement of the Third Distribution. The Receiver's request was approved by Your Honor on February 20, 2014.

Upon discovery of the potential tax claims, the Receiver immediately brought the issues to the attention of the Agencies seeking their advice and counsel as to how the issues might be resolved in the most expeditious manner, as it has been the Receiver's experience in past federal equity receiverships that the Agencies have been extremely helpful in providing assistance to resolve these issues. After discussion with the Agencies, it was decided that the SEC would take the lead in reaching out to the Department of Justice (the "DOJ"), and in turn, the Internal Revenue Service (the "IRS"), to resolve the matter. Those efforts are ongoing.

In addition, the Receiver has consulted with John O'Donnell of the United States Attorneys' Office. Mr. O'Donnell has during the last 90 days greatly assisted the Receiver in putting the Receiver in contact with an attorney in the Office of Chief Counsel for the IRS who is familiar with the types of tax issues concerning the Receiver. Through Mr. O'Donnell's efforts, the Receiver has been in direct communication with the Office of Chief Counsel, including engaging in a conference call with IRS counsel to provide an overview of the issues at hand. The Receiver is also, at the IRS' counsel's request, providing the IRS with a comprehensive packet of information concerning the potential tax claims. In the Receiver's view, substantial progress has been made to resolve these issues during the last 90 days; however, the Receiver has been advised by counsel for the IRS that it is unclear as to the exact timeframe for when a resolution may be reached.

FRANDZEL ROBINS BLOOM  
& CSATO, L.C.

Hon. George B. Daniels  
April 30, 2014  
Page 3

Re: Request for Extension of Time Re: Third Distribution of Assets On Allowed  
Investor Claims (Original Distribution Date: December 9, 2013)  
Commodity Futures Trading Commission v. Stephen Walsh, etc., *et al.*  
U.S. District Court, Southern District of New York, Case No. 09-CV-01749-GBD  
Securities and Exchange Commission v. WG Trading Investors, L.P., etc., *et al.*  
U.S. District Court, Southern District of New York, Case No. 09-CV-01750-GBD

Based upon the Receiver's discussion with counsel for the IRS, the Receiver believes it will take at least an additional 90 days before a resolution of these issues may be reached and hence, the need for an additional 90-day postponement of the Third Distribution. Accordingly, the Receiver respectfully requests that the Court "So Order" the Receiver's request as set forth in this letter.

Very truly yours,

FRANDZEL ROBINS BLOOM & CSATO, L.C.



By: CRAIG A. WELIN

CAW:bw

IT IS SO ORDERED:

MAY 09 2014



JUDGE GEORGE B. DANIELS  
UNITED STATES DISTRICT JUDGE

cc: All parties